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UNCLAS SECTION 01 OF 02 KABUL 001644

DEPT FOR SCA/RA, SCA/A, EEB, EEB/ESC/IEC (GRIFFIN)
DEPT PASS AID/ANE FOR WARD
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CENTCOM FOR CG CSTC-A, CG CJTF-101, POLAD, JICENT
NSC FOR JWOOD
TREASURY FOR ABAUKOL, BDAHL, AND MNUGENT
MANILA PLEASE PASS ADB/USED
PARIS FOR USOECD/ENERGY ATTACHE
OSD FOR SHIVERS, SHINN
COMMERCE FOR DEES, CHOPPIN, AND FONOVICH

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TAGS: [ENRG](#) [EFIN](#) [ETRD](#) [KPWR](#) [EAID](#) [PGOV](#) [AF](#)

SUBJECT: AF: Uzbek power situation not as bleak, other PPA's on track.

11. (SBU) Summary: Minister of Economy Jalil Shams told donors the Uzbeks have begun manufacturing components needed for the Afghan-Uzbek power line. He believes the project will be completed by October 2008. Shams revealed a "backup" plan to import an extra 43 MW of Uzbek power to Kabul along an existing 110 kv line should the new line not be completed by winter. The GIROA expects to conclude a PPA with the Tajiks soon for a price close to Tajik terms.

Tajik and Turkmen PPAs Moving Forward

12. (SBU) Afghanistan's Interministerial Committee on Energy (ICE) held its monthly meeting on June 26, 2008 to review the current status of the North East Power System (NEPS) project, including the progress towards the conclusion of commercial power purchase agreements (PPA's) with its northern neighbors, Turkmenistan, Tajikistan and Uzbekistan. Despite failed negotiations in Dushanbe on June 20 (Reftel), Minister of Energy and Water Ismail Khan assured donor country representatives he expected to conclude a PPA with the Tajiks in one to two weeks. He has proposed to pay USD .03 (three cents) per kilowatt hour for Tajik power and expects that an agreement will be reached soon. Minister of Economy Shams stated that ongoing negotiations with the Turkmen are positive and the parties hope to come to an agreement by mid-August.

Uzbek Transmission Lines

13. (SBU) Minister Shams reported he is fairly confident that the 43 kilometers of transmission line being erected in Uzbekistan will be completed by October. He said the Uzbeks have completed the fabrication of up to 60 percent of the structures needed for the

transmission towers, (which still need to be erected), and that only the site erection and construction of cement components remained before the line could be strung. He did not indicate the source of this information.

¶4. (SBU) According to a protocol signed between the Uzbeks and Afghans in early June during their last negotiating session, the Afghans were to make an initial payment of USD 2.5 million to initiate project construction. Deputy Minister of Finance Sharani assured the ICE that payment could be made within 72 hours. Post confirmed that payment is expected on or by July 3. This initial payment represents the first of three to be made to the Uzbeks in the following order: 20 percent (of the USD 12.5 million total) as an advance, 70 percent during the construction phase, and 10 percent upon the energizing of the line. Minister Shams explained that while all the pricing details have yet to be worked out to the satisfaction of both parties, by making the initial payment Afghanistan hoped to spur the Uzbeks into action in an attempt to ensure power imports to Kabul by the winter of 2008-2009.

¶5. (SBU) Shams explained that should the Uzbek line construction take longer than anticipated Kabul can still receive Uzbek power for the winter. There is currently a ten-year-old agreement in place with Uzbekistan under which Afghanistan can purchase up to 150 megawatts (MW) of power from that nation. (The only way to move power between the two nations however is a 110 kV line which can carry a maximum of 70 MW at any time.) Currently the government is purchasing 27 MW which flows from Uzbekistan directly to the city of Mazar-e-Sharif. Shams stated that should the Uzbek 220 kV line not be completed in time, the Afghan government intended to cite the current agreement with Uzbekistan in order to maximize the power

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flowing into the 110 kV line and move the additional 43 MW to Kabul. This arrangement would also allow NEPS project managers to energize the 220 kV NEPS power line all the way to Kabul and perform necessary tests and maintenance prior to the import of larger amounts of power.

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